

AML ADVISORY COMMITTEE
Minutes
Semi-Annual Meeting
April 15, 2004

A regular meeting of the AML Advisory Committee was called to order at the DMME Buchanan-Smith Building in Big Stone Gap, Virginia, at 2:00 p.m. pursuant to the notice sent to all committee members.

The following members and visitors were present: Jerry Baird, Alpha Natural Resources; Ian Dye, Office of Surface Mining; Phil Shelton, UVA College at Wise; Brian Ganoe, Natural Resources Conservation Service; Glenn Graham, Retiree NRCS; Benny Wampler, Gerald Collins, Roger Williams and Richard Davis, Department of Mines, Minerals and Energy

Members absent: Eddie Hannah, Lonesome Pine Soil and Water; Gerald Ramsey, Consolidation Coal Company; James Burger, Virginia Tech, Department of Forestry, Bob Penn, Office of Surface Mining, and C. B. Slemp, Citizen.

Jerry Baird, Chairman, presided and Roger Williams recorded the proceedings of the meeting. Donna McFaddin transcribed the minutes. Minutes of the September 4, 2003, meeting were reviewed and approved.

AML Extension Program

At present, six bills have been introduced in both the Senate and House to reauthorize and extend the AML Program. All bills basically call for at least a 10 to 15 year extension of the program. They differ in the details on how much money to give the Combined Benefit Fund and on the balance of funding for highest priority sites in the East, while trying to give the West a fair balance of continued funding for lesser priorities. Several of the bills dip into principal for the first time from the RAMP balance to bail out the UMW Combined Benefit Fund. Approximately \$200 million in principal has accumulated in the RAMP balance due to lack of Congressional appropriation.

At the present time, it appears there is momentum behind the Cubin/Rahall proposed bill. There are 16 cosponsors, including Congressman Boucher. Most of the eastern states, including several representatives from Kentucky and Pennsylvania, are backing this bill. Several of the same people who signed on the Cubin/Rahall bill signed on to the other bills. The congressional committees planned to mark up on these bills in early April, however that was postponed. A new date has been set for late April when they plan to do a mark up to try to work out a compromise.

The wild card at this time appears to be budget scoring by OMB. There are several creative ways of financing some of the proposals that are before them. One in particular is that western states want a quick payout of the balance of their unappropriated money. One of the proposals would take receipts from the mineral leasing royalties (leases on federal lands) that are paid primarily from the West to make this payout, which would offset use of AML funds. The big hurdle would be how to score that in the budget. In any event, it may come down to somebody introducing a bill just do a time extension.

There are approximately 53 days remaining in this session of Congress. If something doesn't happen next month, it's probably not going to happen. However, on the positive side, unions, labor, and just about everybody is in favor of some form of reauthorization. So it's likely reauthorization in some form will occur. There would probably be a lot of support for appropriating a large sum of that money back, but the problem is balancing the budget. Current legislation regarding the fee authorization expires September 30, 2004.

It is DMME's opinion that the AML Program will be continued. During the last several years, the appropriation has come out to the states. Both Title IV and Title V have mysteriously equaled the intake of the Title IV tax. They're cycling it through into Interior for Title IV and V.

DMME commented that Governor, Warner has gone on record supporting the extension of the legislation. One issue of concern was with the AML enhancement rule and some of the remaining incentives. Some of the

bills contain those and expand others that are already in existence to try to encourage reclamation of these sites through remining and other special initiatives. DMME strongly supported these incentives. The initial Cubin/Rahall basically did away with the AML enhancement, which DMME has used on several occasions to do some worthwhile projects at very minimal costs. We've looked at the funding on all the proposals and there's not a lot of difference for Virginia. DMME is in favor of program flexibility. Partnering efforts have allowed DMME program flexibility to mix and match and work on bigger cost projects with groups that have other funding.

AML Emergency Projects

In regards to the 24 emergency projects declared in 2002, DMME is still working through several emergencies. The cost on the 2002 emergencies, and some of the cost is not totally in, is approximately 2.4 million dollars. In the 2003 grant, DMME had another 12 emergencies costing approximately \$1.3 million. The 2004 emergency grant was approved in April. DMME is currently working on one site in Richmond – a subsidence hole in Henrico County. So far this year, emergencies have begun to slow down.

Slide Presentation

Roger Williams and Richard Davis provided slides of AML projects taken with aerial photography during the spring of 2004.

- Everglade Site – Problem is caused by an underground mine discharge. The project introduced alkalinity in the water and installed limestone channels.
- Bog Site – This site is the worst of all. It was designed for a 20-year life. Construction work on this site totals \$1.6 M. The CORPS pays 65 percent and DMME pays 35 percent. We've been using our Clean Stream money and some Acid Mine Drainage Set-Aside money (10 percent) for this. Plus we've been able to get some EPA money. This will make a significant improvement to the ecosystem and eliminate Lee County's most serious AMD problem.
- Lick Branch – Next on the schedule. This is probably the second worst in water quality, and it is also an AMD problem from an underground mine. Across the road is Big Branch, another site that could go to construction this year.

The construction cost estimate for all these sites plus the others is approximately \$3.1 million.

- National OSM Award – Each year OSM sponsors a National Reclamation Award Program in conjunction with the National Association of Abandoned Mine Land Programs. OSM invites nominations from all states and tribes. DMME submitted the Buchanan County Park Highwall Elimination Project. This was DMME's first project done through AML enhancement. The contractor recovered coal on bench level and used proceeds from the sale of coal to offset costs of reclamation. Our contribution to the project was \$100,000. If DMME had done this project as a stand alone, routine AML project, estimated costs would have been \$320,000. Estimated realized savings was \$220,000. What makes this project special is the land use following the reclamation project, 20 acres of flat ground for Buchanan County. DMME also helped the county win a soccer start up kit from the U.S. Soccer Foundation. The county also plans to build a horse rink on the reclaimed mine site. Any citizen can go to the OSM web site and do a citizen vote for the People's Choice Award. As far as the OSM National Award, only field office directors and AML program managers are allowed to vote.

Partnerships

For several years DMME and The Nature Conservancy have had a partnership to explore carbon sequestration projects on mine land. We entered into an agreement in September 2000 and looked for possible funders for carbon sequestration. We found a funder last year with Dominion Power Company, a major power producer in the East. Dominion was in the process of being fined when DMME contacted them and suggested they propose to the EPA to put some money back into the area in the way of reclamation. Dominion wanted to

put \$500,000 into a carbon sequestration project in southwest Virginia. EPA approved the consent decree. This money will go to the Nature Conservancy. DMME and The Nature Conservancy have prepared for a short list of ten projects for possible candidate sites. All of these sites are in the Clinch and Powell watershed.

DMME recognized the potential opportunity of working with companies that are being fined to correct some environmental problems and put some money into the region.

DMME has two small watershed partnerships in the works right now. TVA has funded a small project in the Guess River Watershed in the amount of \$14,000 through the Lonesome Pine Soil and Water District. TVA also put up \$8,000 through Black Diamond RC&D for a small project in the North Fork of Powell River.

NRCS Update

Brien Ganoe gave an update on the NRCS RAMP program. Even though the NRCS is on record of giving the RAMP money to people that can use it, there is still a lot of money not being distributed. One area of concern is that we will not have the technical expertise in this area for very long – Glenn is retired, my days are numbered, and the area engineer could have retired 2-3 years ago. NRCS gets pulled in with FEMA quite a bit, but they don't have much in the way of technical expertise. It is a definite possibility that NRCS and DMME could explore some partnering opportunities with various NRCS programs.

Other Business

A recommendation was entered to invite Mr. Bill Keith, NRCS District Conservationist, as a new member. Also to add Mr. Wade Biddix, NRCS Watershed Coordinator, based in Richmond, as a contact.

The next AML Advisory Committee meeting will be held at the Powell River Project in September 2004. Meeting was adjourned.

Roger L. Williams,
DMME Abandoned Mine Land Services Manager